

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF COLUMBIA)	CASE NO. 9554-B
GAS OF KENTUCKY, INC.)	

O R D E R

On November 14, 1986, the Commission issued its Order in Case No. 9554 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased or a refund is received.

On February 9, 1988, Columbia Gas of Kentucky, Inc. ("Columbia"), filed its revised semi-annual gas cost adjustment ("GCA") which is to become effective March 1, 1988.

After reviewing the record in this case and being advised, the Commission is of the opinion and finds that:

1. Columbia's notice of February 9, 1988, set out certain revisions in rates which Columbia proposed to place into effect, said rates being designed to pass on the wholesale decrease in price from its suppliers in the amount of \$1,367,723.

2. Columbia Gas Transmission Corporation ("Transmission") has filed revised rates with the Federal Energy Regulatory Commission to be effective March 1, 1988.

3. Columbia's notice set out a Special Agency Service ("SAS") refund adjustment of .4 cents per Mcf. This adjustment returns a portion of Columbia's SAS revenues to its customers.

4. Columbia's proposed gas cost recovery rate is a decrease of .98 cents per Mcf. This decrease represents the combined effect of the supplier decrease, actual cost, balancing and refund adjustments.

5. In calculating its expected gas cost, Columbia annualized its purchased gas cost to reflect its intention to purchase decreased volumes from Transmission and increase the level of purchases from cheaper other sources. Columbia considered this adjustment necessary to avoid a large over-collection from its customers. This methodology has been approved in the past; it seems reasonable in this instance also and should be approved.

6. Columbia's adjustment in rates under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 9554, dated November 14, 1986, is fair, just, and reasonable and in the public interest and should be effective with gas supplied on and after March 1, 1988.

7. Given the changing market conditions in the natural gas industry and the increasing volumes of spot market purchases as opposed to purchases from traditional pipeline suppliers, the Commission will, now and in the future, require that each Class A local distribution company file more comprehensive information as back-up for its actual adjustments. At the time of its next GCA filing, Columbia should provide back-up information for its Schedule 3.

8. In its filing, Columbia proposed to eliminate its Tariff Sheet No. 83. This sheet sets out the tariff rates of

Transmission. Columbia includes a copy of Transmission's tariff sheet with each filing which sets out all the rates charged to Columbia. Therefore, Columbia's proposal to eliminate Sheet No. 83 seems reasonable and should be allowed.

IT IS THEREFORE ORDERED that:

1. The rates in the Appendix to this Order be and they hereby are authorized effective with gas supplied on and after February 1, 1988.

2. Within 30 days of the date of this Order Columbia shall file with this Commission its revised tariffs setting out the rates authorized herein.

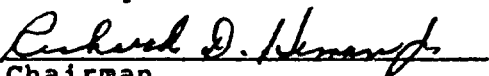
3. Columbia's methodology in annualizing purchases appears reasonable and should be allowed.

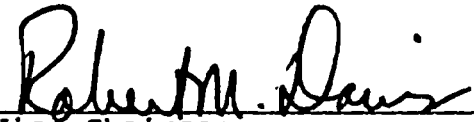
4. In its next filing and all subsequent filings, Columbia shall file the supplemental information requested herein.

5. Columbia's Tariff Sheet No. 83 be and it hereby is eliminated.

Done at Frankfort, Kentucky, this 25th day of February, 1988.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 9554-B DATED 2/25/88

The following rates and charges are prescribed for the customers served by Columbia Gas of Kentucky, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the date of this Order.

CURRENTLY EFFECTIVE BILLING RATES

	Base Rate Charge <u>\$</u>	Gas Cost Adjustment <u>1/</u> <u>\$</u>	Total Billing Rate <u>\$</u>
RATE SCHEDULE GS			
Customer Charge:			
Residential	4.00		4.00
Commercial or Industrial	10.00		10.00
Volumetric:			
First 2 Mcf/Month	1.2652	3.4929	4.7581
Next 48 Mcf/Month	1.2352	3.4929	4.7281
Next 150 Mcf/Month	1.2052	3.4929	4.6981
All Over 200 Mcf/Month	1.1752	3.4929	4.6681
RATE SCHEDULE FI			
Customer Charge:	100.00		100.00
Customer Demand Charge:			
Demand Charge times Firm Mcf Volume in Customer Service Agreement		6.3531	6.3531
Commodity Charge-All Volume	0.3942	3.4929	3.8871

RATE SCHEDULE IS

Customer Charge:	100.00		100.00
Commodity Charge	0.3942	3.4929	3.8871

RATE SCHEDULE IUS

For all Volumes			
Delivered each Month	0.0912	3.4929	3.5841

- 1/ The Gas Cost Recovery Rate, as shown, is an adjustment per Mcf determined in accordance with the "Semi-Annual Gas Cost Adjustment Clause" as set forth on Sheets 80 through 82 of this tariff.